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30 November 1979

MEMORANDUM

SUBJECT: Impact of US Severance of Diplomatic Ties with Iran.

If the hostages in Iran are released safely and the US subsequently cuts diplomatic ties with Iran, international reactions would be mixed.

--Inside Iran, extremists--both on the left and on the Islamic right--would welcome the end of an official US presence. Moderates would fear it meant the US was abandoning them and signaled the beginning of a rise in Soviet influence.

--Arab Persian Gulf states would be ambivalent--leaders would express understanding privately, but many would fear a potential rise in Soviet influence. And many would wonder if the break in relations was a sign that the US had conceded victory to Iran.

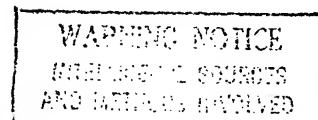
--The Soviets would be pleased that the US was gone from Iran and would do what they could to ensure that the US did not return. (S)

We examine below these expected reactions and others in more depth and conclude with some comments on the impact on the US intelligence collection effort in Iran. (S)

This memorandum was prepared by the Iran Task Force with contributions from the Office of Political Analysis. Comments and queries are welcome and may be addressed to Chief, Iran Task Force, on [redacted]

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Reaction in Iran

25X1D At this point, the Iranians clearly do not want to break
25X1D all diplomatic relations with the US [REDACTED]

[REDACTED] was told not
Moreover, Defense Minister
Chamran told Turkish officials on 26 November that the Iranians
did not want to break relations with the US. [REDACTED]

Nonetheless, Iranian officials will probably not be surprised if the US severs diplomatic ties with Iran once the hostage crisis ends. Tehran doubtless realized such an action was possible, perhaps even probable, once the government openly backed the student takeover of the embassy. (S)

Much of Iran's extremist religious leadership, probably including Ayatollah Khomeini, will welcome the cutoff of ties with the US. In our view, the extremists' objective from the beginning of the crisis has been to purge Iran of all US influence, because they regard the US presence in the country as counterrevolutionary and un-Islamic. The extremists will not be greatly concerned that a cutoff of diplomatic ties could hurt the Iranian economy and military. (S)

The reaction of moderate religious leaders will be more varied. Some, like Ayatollah Shariat-Madari, will probably be alarmed at the absence of a US representative in Tehran and worry that the Soviets' position and influence will be enhanced. Shariat-Madari and other moderate clergymen are more conscious of the connection of Iran's modern economy with the West. (S)

Secular Iranian Government leaders' reaction will also be mixed. Some of the radicals will welcome the removal of the US "spy center." Many will be chagrined, however, at the loss of communications with Washington. Military leaders including Chamran still want spare parts for US military equipment sold to the Shah. Economic planners will fear that US business firms will be even less inclined to invest in Iran. (S)

Relatively moderate political figures like former Prime Minister Bazargan and Foreign Minister Yazdi would also be distressed by a break in relations, which they would probably privately see as a setback for their own chances of regaining influence. Bazargan and Yazdi would also fear a rise in Soviet influence. (S)

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These differences in the leadership's reaction would probably mirror differences in the general public. At least initially, most Iranians would defend the actions of their government that led to the break. Over time, however, middle class Iranians and businessmen might well regret the US departure. Dissident ethnic groups like the Kurds may hope that a US move to break relations would precede US support, clandestine or open, for their movements. (S)

The Iranian left, especially the pro-Soviet communist Tudeh Party, would welcome the break in relations. They would hope that it presages a larger Soviet role in influencing Tehran. (S)

Arab Reactions

Many Arab governments, particularly Gulf Arabs, would react ambivalently to almost any US action against the Khomeini regime. Most Islamic governments in the Middle East and South Asia are torn between reflexive sympathy for a Muslim neighbor and--at a minimum--disapproval of the tactics used by Iran. Despite wide discrepancies in wealth and ideology, Middle Eastern states consider themselves to be common members of the "third world" and automatically tend to support one of their own in a confrontation with a superpower. This is particularly true when the dispute involves a fellow Muslim. The same governments are pulled in the opposite direction by the clear threat to their own interests posed by the revolution and anarchy in Iran and by the example of the attack on diplomatic personnel. The religious tie, in fact, cuts both ways because the Sunni Muslims leaders of most Arab countries regard Iranian Shia Muslims with distrust. (S)

Most Arab governments expect US retaliation against Iran at some point. Severance of diplomatic ties would be among the mildest response they think we might employ. A diplomatic break alone, therefore, would almost certainly not touch off strong protests or lead to spontaneous or violent anti-US demonstrations in the Muslim world. (S)

Privately, most Arab diplomats would praise our action as restrained, unprovocative, and understandable, though some would argue that the US departure from Tehran would remove any hope that the US could serve as a check on the growth of

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Soviet influence in Iran. Private understanding would not necessarily translate into additional public support for the US position. Iran's immediate neighbors would be especially reluctant to criticize the Khomeini regime publicly, out of fear that they would themselves become a target of Khomeini's attacks. (S)

Several of Iran's neighbors have large Shia communities, which are discriminated against, and other vulnerabilities that incline them to adopt a low profile and remain silent unless forced to react by internal pressure or a developing consensus within the Arab world. Most Gulf Arab governments would be relieved, believing that severance of relations--as opposed to military retaliation--would not spark internal disturbances or force them to take sides publically between Iran and the US. (S)

Soviet Reaction

A break in US-Iranian diplomatic relations after resolution of the hostage crisis would be seen in Moscow as furthering its opportunity to improve its position in Tehran. We believe that, even without a break, the Soviets will move aggressively to exploit US-Iranian difficulties, but Moscow would think that the absence of a formal US-Iranian relationship would make its task easier. (C)

The Soviets have welcomed the present crisis in US-Iranian relations and have sought to capitalize on it by tilting to Iran. Although Moscow will remain intensely suspicious of Khomeini's anti-Soviet biases, and will have no illusions about the ease of dealing with Islamic fundamentalists, the USSR will hope a continued rift will lead Tehran to look to Moscow for support. It probably also hopes that the intense anti-US outpouring and political fluidity in Tehran will lead to a new stage in the revolution and eventually permit pro-Soviet leftist elements to play a greater political role. (C)

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After a US-Iranian break, Moscow would support more directly Iran's anti-US, anti-Shah campaign both through propaganda and in such forums as the UN. Moscow would try to intensify Iranians suspicions of US intentions while allaying Iranian concern about international diplomatic isolation. The USSR would encourage its Libya, Syrian and PLO allies--who have already been showing support for Tehran--to further this end. The Soviets would probably also suggest to Tehran that, given good Soviet-Iranian relations, the Soviets might be able to help ease Tehran's problems with another Soviet arms customer, Iraq. Moscow would leave implicit the threat that continued Soviet non-interference in Iranian nationality affairs is also dependent on better relations. (C)

In any case, the Soviets will seek to at least partly replace the US as Iran's military supplier. They will seek to exploit Iran's insecurity, fear of US and Iraqi attack, and need to preserve domestic order. Moscow is also likely to offer Iran assistance in the intelligence and economic field. (C)

Other Reactions

West Europeans would not find a US diplomatic break with Iran deeply distressing. They would be unlikely to follow the US lead, however, nor would any of them be eager to be designated as the representative of US interests. (S)

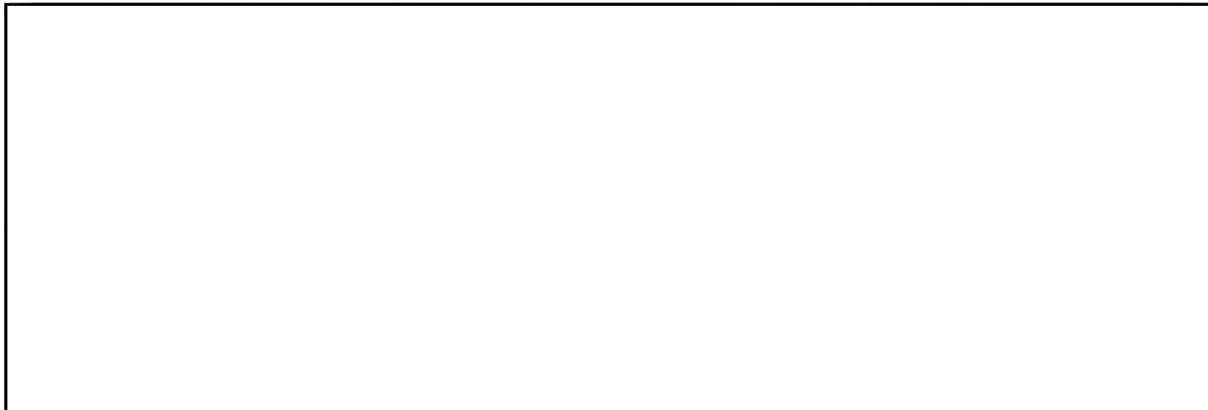
China is likely to react to a break in US-Iran diplomatic relations with careful expressions of regret and a counsel of caution. The Chinese have generally supported the US position in the hostage crisis--more explicitly in private than public--and, in particular, have urged US restraint and pursuit of an early resolution through diplomacy. The Chinese have indicated concern that US action not provide the Soviets new opportunities in Iran and not adversely affect the West's access to energy supplies. Thus, in counseling nonbelligerent measures, China is likely to urge that a diplomatic break be temporary and that relations be restored at the earliest opportunity. (S)

Japan would view a termination of US-Iran relations with considerable anxiety. Tokyo is currently trying to maintain good relations with both the US--its principal ally--and Iran--an important oil source. (S)

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The Muslim nations in Southeast Asia--Malaysia and Indonesia--sympathize at least privately with the US position in the Iran situation. The governments of Indonesia and Malaysia would be concerned about the impact on their own domestic Muslim fundamentalist groups if a US break in relations were interpreted as an "anti-Islamic" act. (S)

Effect on Intelligence Collection



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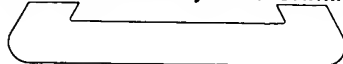


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